

283—14.2(261) Forgivable loan.

14.2(1) *Student eligibility.* A recipient of a forgivable loan must be an Iowa resident enrolled in a program at the university leading to a degree in osteopathic medicine who agrees to practice medicine in Iowa. A borrower shall notify the commission within 30 days of a name or address change, change of enrollment status, transfer to another school, change of employment, enlistment in the military services of the United States, and of events leading to temporary disability from the time of loan disbursement through the life of the loan obligation.

14.2(2) *Award limits.* The annual amount of the forgivable loan to an eligible osteopathic student is determined by the annual appropriation, loan collections, and the number of eligible students.

14.2(3) *Extent of grant.* Students who are repeating an entire year's academic program and who are not charged tuition and fees for that program will not be eligible for benefits during that year.

14.2(4) *Physician service requirement.* The physician service requirement for the forgivable loan program is one year for borrowers who receive up to two annual loans and two years for borrowers who receive three or more annual loans.

14.2(5) *Promissory note.* Recipients of a forgivable loan shall sign a promissory note agreeing to the physician service requirements or to repay the loan and accrued interest according to repayment terms specified in the note.

14.2(6) *Interest rate.* The rate of interest on loans under this program shall be 10.5 percent per annum on the unpaid principal balance.

14.2(7) *Disbursement of loan proceeds.*

a. The full loan amount will be disbursed when the university certifies that the borrower is an Iowa resident and enrolled in good standing.

b. Loan proceeds will be disbursed via electronic funds transfer (EFT) to the university as requested by the university.

c. The university will apply forgivable loan proceeds directly to students' accounts.

d. If the student withdraws from the university and is entitled to a refund of tuition and fees, the pro-rata share of the refund attributable to the forgivable loan must be refunded to the commission.

14.2(8) *Repayment terms.* Repayment of the forgivable loan begins 30 days following:

a. Termination of enrollment at the university;

b. Graduation of the borrower when the borrower does not intend to commence a medical residency or internship within a reasonable period of time and subsequently practice medicine in the state of Iowa;

c. Completion of a medical residency or internship where the borrower does not commence practice of medicine in the state of Iowa within a reasonable period of time; or

d. Termination, for any reason, of the borrower's medical practice in the state of Iowa, if the borrower has practiced in the state for less than the required length of service.

14.2(9) *Loan payments.*

a. Prior to the start of the repayment period, the commission shall provide the borrower with a repayment schedule, modified to reflect any applicable cancellation benefits.

b. The borrower shall remit payments to the commission as required in the repayment schedule.

c. In the event the borrower fails to abide by any material provision of the promissory note or fails to make any payment under the promissory note within ten days after the date the payment is due, the commission may declare the borrower in default and declare the entire unpaid balance and accrued interest on the promissory note due.

d. Rescinded IAB 8/6/03, effective 9/10/03.

14.2(10) *Deferral of repayment.*

a. Repayment of the borrower's loan obligation may be deferred under the following circumstances: return to full-time study; active duty in the United States military service, not to exceed three years; or a period of temporary disability, not to exceed three years.

b. Repayment of the borrower's loan obligation under this loan program is not required during periods of enrollment as a student at the university, during periods of internship or residency, or while fulfilling the physician service requirement.

c. Forbearance is a revision of repayment terms to temporarily postpone payments. It may be granted when a borrower experiences a temporary hardship and is willing but unable to pay in accordance with the repayment schedule. Borrowers remain responsible for interest accrual during forbearance periods.

The program administrator may grant forbearance for periods of less than six months; periods of greater than six months but less than one year must be approved by the executive director; and periods of greater than one year must be approved by the commission.

d. Loans not forgiven may be sold by the commission to a bank, savings bank, credit union, or agency eligible to participate in the guaranteed student loan program under the federal Higher Education Act of 1965, 20 U.S.C. 1071 et seq., when loans become due for repayment.

14.2(11) *Loan cancellation.*

a. An eligible borrower may qualify for forgiveness of the outstanding balance of principal and accrued interest.

b. Partial loan cancellation shall be granted based on the percentage of the service requirement completed by the borrower. The commission shall revise the repayment schedule according to the percentage of service completed by the borrower.

c. To certify eligibility for cancellation, the borrower must annually verify, in a format acceptable to the commission, that the borrower practiced as a licensed physician in the state of Iowa for 12 consecutive months for each annual loan to be canceled.

d. In the event of death or total and permanent disability, a borrower's obligation to repay this loan is canceled. Borrowers seeking forgiveness as the result of total or permanent disability must submit information substantiating the claim to the commission.

14.2(12) *Restrictions.* A student who is in default on a Stafford Loan, SLS Loan, or a Perkins/National Direct/National Defense Student Loan or who owes a repayment on any Title IV grant assistance or state award shall be ineligible for assistance under the osteopathic forgivable loan program. Eligibility for state aid may be reinstated upon payment in full of the delinquent obligation or by commission ruling on the basis of adequate extenuating evidence presented in appeal under the procedures set forth in 283—Chapter 5, Iowa Administrative Code.